

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

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TO SECSTATE WASHDC 9279

INFO AMCONSUL NAPLES

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E.O. 11652: N/A

TAGS: EINV, IT

SUBJECT: PROTESTS OVER GENERAL INSTRUMENT DISMISSALS

REF: NAPLES 0048 AND 0059

SUMMARY:

GENERAL INSTRUMENT EMPLOYEES DEMONSTRATED IN ROME WEDNESDAY JAN 29. GOI ASKED COMPANY TO DEFER ISSUANCE OF DISMISSAL NOTICES FOR 314 EMPLOYEES (DUE FEBRUARY 4) IN ORDER TO GAIN TIME TO FIND ALTERNATIVE SOURCES OF EMPLOYMENT FOR THEM. PEREMPTORY MANNER OF DISMISSAL SERVES TO UNDERSCORE NEED FOR US CONCERS TO BE "MODEL CITIZENS PLUS" IN PRESENT AMBIENCE.

1. BETWEEN 400 AND 500 EMPLOYEES, MOSTLY WOMEN, OF GENERAL INSTRUMENT (GI) CONDUCTED AN ORDERLY MARCH PASSED THE EMBASSY TO THE MINISTRY OF INDUSTRY AND COMMERCE A BLOCK AWAY, PROTESTING NOTICES OF DISMISSAL ISSUED TO 314 WORKERS OF ITS PLANT IN GIUGLIANO. A SMALL GROUP OF WORKERS SUBSEQUENTLY STOPPED IN FRONT OF EMBASSY AND SHOUTED ANTI-COMPSNY AND, TO A LESSER DEGREE, ANTI-AMERICAN SLOGANS. THERE WAS NO PRESS COVERAGE.

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2. UNDERSECRETARY OF MINISTRY OF COMMERCE EGIDIO CARENINI SUBSEQUENTLY ASKED THAT AMBASSADOR COME TO THE MINISTRY. IN ABSENCE OF AMBASSADOR, WHO ON OFFICIAL VISIT IN NAPLES AREA, MINISTER COUNSELOR FOR ECONOMIC AND COMMERCIAL AFFAIRS AND COMMERCIAL COUNSELOR CALLED ON CARERINI, WHO EXPLAINED THAT DISMISSAL NOTICES HAD BEEN UDERTAKEN IN PEREMPTORY MANNER BY GENERAL INSTRUMENT, THAT SITUATION IN GIUGLIANO AREA WAS POLITICALLY VOLATILE, THAT ACTION HAD BECOME A MATTER OF PUBLIC ORDER, AND THAT GENERAL IMAGE OF US CORPORATIONS WAS TANISHED BY GO ACTION. ECON/MIN EXPRESSED UNDERSTANDING BUT INDICATED THAT AFFAIR WAS ESSENTIALLY BETWEEN GOI, UNIONS AND COMPANY; U.S. GOVERNMENT COULD NOT PROPERLY TAKE A DIRECT HAND IN NEGOTIATIONS.

3. AT THIS POINT CARENINI CALLED IN COMPANY REPRESENTATIVE, PRESIDENT (BRAZZETTI) TWO MANAGING DIRECTORS, AND TWO LAWYERS. CARENINI REPEATED HIS EXPOSITION TO THE COMPANY REPS STRESSING POLITICAL AND PUBLIC ORDER CHARACTER OF ISSUE. HE ADDED THAT GOI WOULD FIND SOME COLUTION ONLY IF IT HAD ENOUGH TIME TO FIND WAYS FOR DISPLACED WORKERS TO BE ABSORBED ELSEWHERE. HE POINTED OUT THAT NO ITALIAN COMPANY WOULD EVER BEHAVE IN SO HIGH HANDED A FASHION AS TO SIMMARILY DISMISS 314 WORKERS WITHOUT SOME FORMS OF LENGTHY NEGOTIATIONS AND CONCILIATORY OFFERS TO DISMISSED WORKERS, OVER AND ABOVE LEGAL REQUIREMENTS.

4. THE COMPANY'S POSITION WAS THAT UNLESS THE 314 WORKERS WERE DISMISSED IMMEDIATELY MAINTENANCE OF THE ADDITIONAL 500 WORK FORCE WAS THREATENED BECAUSE THE COMPANY'S FINANCIAL POSITION WAS SO PRECARIOUS. HOWEVER, AFTER A LENGTHY, HEATED EXCHANGE BETWEEN THE TWO GROUPS, PRESIDENT BRAZZETTI AGREED TO RESUBMIT THE QUESTION OF THE DEFERRAL OF DISMISSAL NOTICES (UNDER THE LAW THESE MUST BE ISSUED BY TUESDAY, FEBRUARY 4) TO COMPANY HEADQUARTER IN U.S. COMPANY REPS INSISTED THAT ALL ALTERNATIVES HAVE ALREADY BEEN EXPLORED.

5. EMBREPS EXPRESSED HOPE THAT SOME SATISFACTORY SOLUTION COULD BE QUICKLY FOUND. IT WAS TO BOTH U.S. AND ITALIAN INTERESTS THAT THE REPUTATION OF A MAJOR U.S. CORPORATION AND U.S. CORPORATE COMMUNITY GENERALLY INVESTING IN THE MEZZOGIORNO WAS NOT TARNISHED.

6. SUBSEQUENT TO MEETING, LAWYER FOR GENERAL INSTRUMENT (WHO LIMITED OFFICIAL USE

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IS ALSO DIRECTOR) STRESSED TO EMBREPS HIS CONVICTION THAT (A) POLITICAL PRESSURES ON CARENINI TO PREVENT DISMISSALS ARE REAL, AND (B) EXTENSION OF DEADLINE WOULD LEAD TO SAME SITUATION WITH WORSE PRECEDENT IN FUTURE.

7. COMMENT: DIFFICULT AT THIS TIME TO ASCERTAIN JUST HOW THE SITUATION WILL MOVE. CLEARLY G.I. IS UDER STRICT INSTRUCTIONS

FROM HOME OFFICE IN NEW YORK TO ISSUE DISMISSAL NOTICES ON DUE DATE. EQUALLY CLEAR, GOVERNMENT FEELS THAT IT NEEDS TO ME IN ORDER TO FIND WAYS FOR DISPLACED WORKERS TO BE ABSORBED IN OTHER COMPANIES--PERHAPS IRI ASSOCIATED COMPANIES--IN THE GENERAL AREA. IT IS NOT AT ALL CLEAR THAT GOVERNMENT WILL SUCCEED IN FINDING ALTERNATIVE EMPLOYMENT. EMBASSY BELIEVES G.I. CASE IS LIKELY TO BE OBJECT LESSON FOR OTHER U.S. COMPANIES IN MEZZOGIORNO, WHERE US COMPANIES ACQUIRE PATERNAL RESPONSIBILITIES FOR THEIR WORKERS, WHICH ARE PRESSED BEYOND LEGAL OBLIGATIONS. U.S. CONCERNS IN THE MEZZOGIORNO ARE UNDER HEAVY POLITICAL PRESSURE TO PLAY ACCORDING TO THE LOCAL RULES AND THEN SOME, BY OFFERING DISMISSED WORKERS BONUSES, EXTRA MEDICAL BENEFITS, SEEKING ALTERNATIVE SOURCES OF EMPLOYMENT, ETC.

8. THE CONTENTS OF REFTELS, CARENINI'S EMPHASIS ON THE VOLATILITY OF THE NAPOLITANS AND THE TONE OF SOME OF THE PLACARDS (GIUGLIANO THE NEXT VIETNAM, FOR EXAMPLE) LEAD US TO BELIEVE THAT THE POLITICAL ASPECTS OF THE CASE ARE SENSITIVE. WE ARE UNABLE TO GAGE EITHER INTENTIONS OR STRENGTH OF FAR-LEFT UNION ELEMENTS BUT THERE IS SOME POSSIBILITY THAT GENERAL INSTRUMENT CASE COULD BE USED AS A BASIS FOR ATTACKS ON US COMPANIES IN NAPLES AREA AND US INTERESTS GENERALLY IN AREA.

9. CARENINI HAS ASKED TO SEE AMBASSADOR JANUARY 31. THERE MAY BE SOME PROGRESS EVIDENT IN NARROWING GAP BETWEEN COMPANY AND GOVERNMENT

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ALTHOUGH LOCAL MANAGEMENT SEEMS RESISTANT TO POLITICAL PRESSURES. CARENINI MAY ASK AMBASSADOR TO INTERCEDE WITH COMPANY. WE WILL REPORT DEVELOPMENTS. VOLPE

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